



Financial Statement Discussion and Analysis

For the Year Ended June 30, 2025



School District No. 50
Haida Gwaii

Haida Gwaii School District No. 50 Financial Statement Discussion & Analysis For the Year Ended June 30, 2025

The following is a discussion and analysis of the Haida Gwaii School District's financial performance for the fiscal year ended June 30, 2025. This report is a summary of the district's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year and the budget. This report should be read in conjunction with the School District's financial statements and is meant to assist the reader.

OVERVIEW OF THE SCHOOL DISTRICT

Haida Gwaii School District is one of the smallest districts in BC, with fewer than 500 students in BC's most westerly schools. Our Haida Gwaii School District provided educational programs and services to more than 500 students in five communities, Masset, Port Clements, Skidegate, Daajing Giids and Sandspit. The district is now made up of five neighborhood schools, three elementary schools, one secondary school and one K-12 school.

| Three Elementary Schools | One Secondary School |
|------------------------------------|--|
| Port Clements Elementary School | GidGalang Kuuyas Naay Secondary School |
| Sk'aagaa Naay Elementary School | One K-12 School |
| Agnes L. Mathers Elementary School | Daaxiigan Sk'adaa Née |
| | |



BOARD OF EDUCATION

School District No. 50 (Haida Gwaii)

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VISION:

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The District's Strategic Plan is organized around three priorities:

- i. Working Together
- ii. Student Well Being
- iii. Embracing Unique Culture & Territory

These three strategic priorities are intertwined with eight Haida Laws which are mentioned by name below but can be found in greater detail within our draft Strategic Plan.

| Guiding Haida laws | |
|--------------------------|--|
| Responsibility | K'ulaagang Laa guu ga kanhlins |
| Balance | Giid tll'juus Giid tll'juus |
| Respect for all beings | Yahgudang Yahgudang |
| Seeking wise counsel | Gin k'adangaa gii uu tl'a kyáanangaa Gina k'aadang.nga gii uu tll k'anguudang |
| Giving and receiving | Isda 'isgyaan díi ga 'isdii Isda ad díigii isda |
| Making things right | Tll yahda Tll yahda |
| Interconnectedness | gin 'wáadluwaan gud áhl kwáagiidang Gina 'waadluxan gud ad kwaagid |
| Our food is our medicine | litl' táawee úu itl' xiilaang ID l'aa ga taagaay id gan xila ga |

Haida language: Xaad Kil, spoken in Gaw Tlagée Old Massett (White Font) and Xaayda Kil spoken in HlGaagilda Skidegate (Gold Font).

UNDERSTANDING SCHOOL DISTRICT FINANCIAL PERFORMANCE

Annual surplus and accumulated surplus are key financial statement performance indicators; however, interpreting the meaning of these figures in BC school districts is complicated by the use of fund accounting and deferral accounting. The use of fund accounting means the financial statements of school districts are a consolidation of three separate funds (Operating, Special Purpose and Capital), and each of these funds differs with respect to the methods of accounting used and the legislative and other constraints on budgeting and financial results. This means financial performance can only be fully understood by reviewing each fund separately. Financial performance for each fund is reported in the supplementary schedules that follow the notes to the financial statements.



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| | |
|---|---|
| Operating Fund 2025 Revenues: \$13.39 million | Annual program revenues and expenditures are reported within the Operating fund and Special Purpose fund (see below). Annual and accumulated surplus within the operating fund are important indicators of financial performance and financial health for school districts. This is because school districts are not permitted to budget for or incur an accumulated deficit position. This means when the school district has operating surplus available it can be used to budget for future expenditures and to reduce financial risk associated with unforeseen circumstances. |
| Special Purpose Fund 2025 Revenues: \$3.45 million | The Special Purpose fund includes grants and school generated funds that are restricted for a specific purpose. Annual and accumulated surplus should always be zero because revenues are recognized only as related expenditures occur. If expenditures for a program within the Special Purpose fund exceed available revenues, the resulting deficit is transferred to the Operating fund, reducing accumulated operating surplus. |
| Capital Fund Capital Funding Received or Receivable: \$8.440 million Capital Assets Purchased: \$9.045 million | The Capital fund reports on investment and financing activities related to capital assets. Capital contributions (grants) from the province are accounted for using the deferral method of accounting, whereby recognition of capital funding revenue is spread out over the life of the related capital assets to match with the amortization expense which reflects the use of the asset over its life. This means capital fund revenues are not a reflection of funding received each year. For example, if the district received \$4 million for a building, the district would then amortize the funds received into revenue over the useful life of the asset, similarly the asset would be depreciated as an expense over its useful life. <i>To note: Capital fund revenues, expenses, and annual surplus (deficit) are not a meaningful indicator of annual financial performance.</i> |

FINANCIAL HIGHLIGHTS

As reported in the Statement of Operations, for the year ended June 30, 2025, the district's revenues exceeded its expenses resulting in an annual surplus of \$320,254 (2024 surplus was \$367,851). This was comprised of the combined financial results of the Operating fund and the Capital fund as follows:

| Annual Surplus (Deficit) | June 30, 2025 | June 30, 2024 |
|-----------------------------------|----------------|----------------|
| Operating Fund | | 3,300 |
| Capital Fund | 320,254 | 364,551 |
| Combined Surplus (Deficit) | 320,254 | 367,851 |

In the Operating fund, the annual surplus remains at \$1,662,065 as at June 30, 2025.



BOARD OF EDUCATION

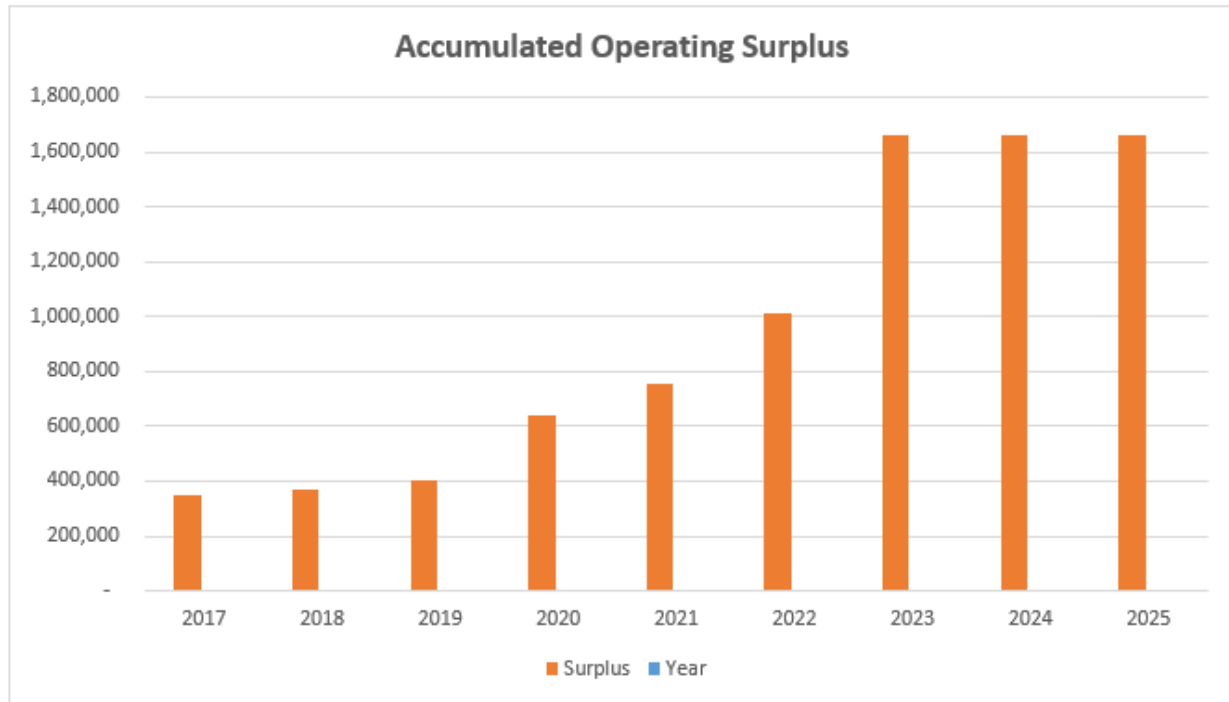
School District No. 50 (Haida Gwaii)

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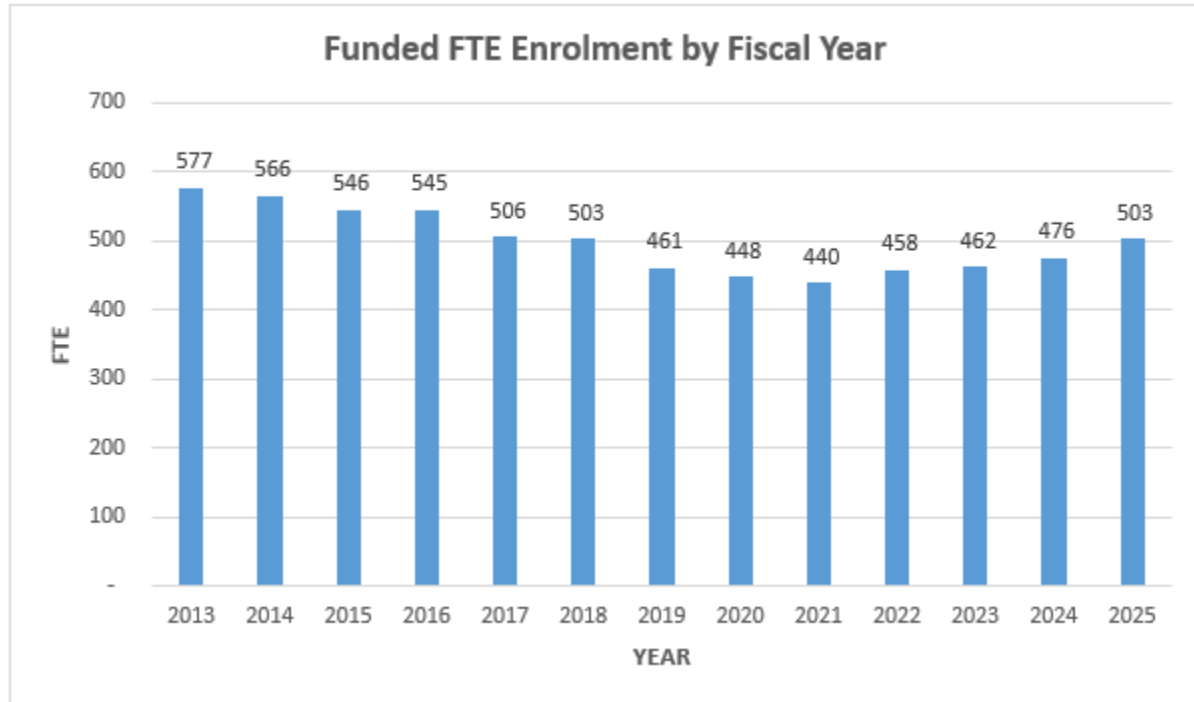
Historical accumulated Operating Surplus from 2017 to present.



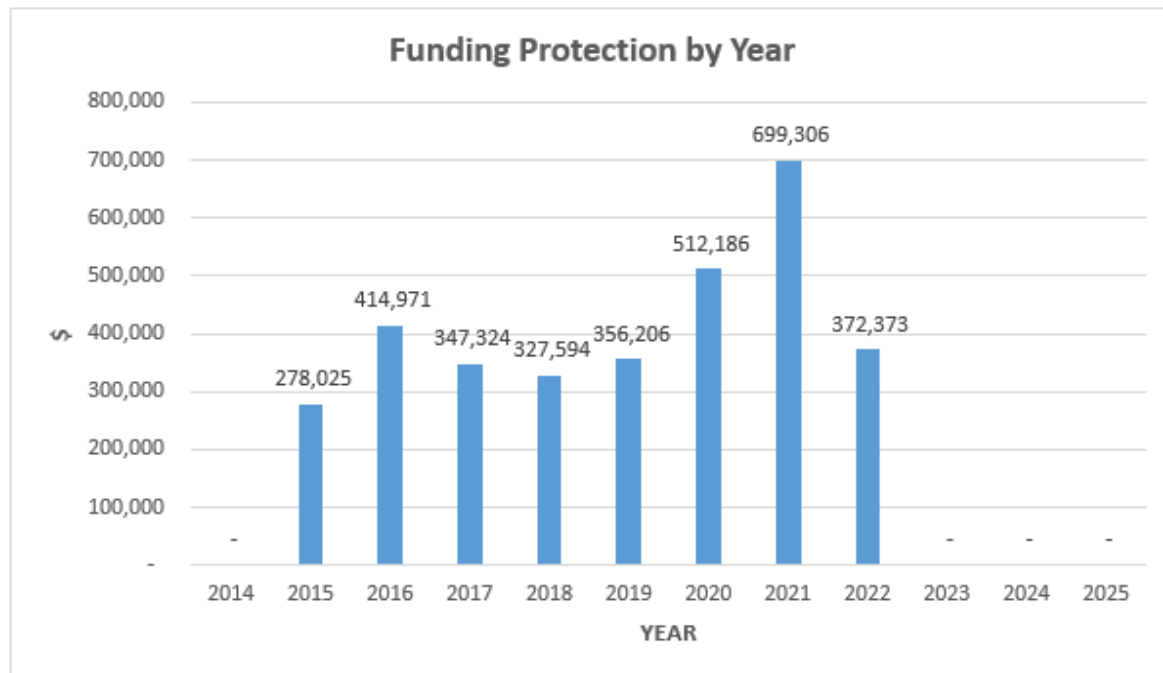
Provincial operating grants including funding from Indigenous Education make up over 95% of total operating fund revenues. This is largely determined by student enrolment. In BC, funding can increase or decrease with enrolment subject to where a district sits with respect to funding protection. In general as enrolment grows increased financial flexibility can occur conversely as enrolment declines financial pressures can occur. The Board has an accumulated operating surplus by building appropriate contingency reserves (per Board policy 4.1.1) to reduce financial risk and to protect future program stability. For the year ended June 30, 2025 many factors led to an increase in Operating surplus including the ability to replace staff, the ability to hire staff, the district did charge a portion of the Operations department wages to capital projects.



Funded FTE Enrolment by Fiscal Year



Funding Protection by Fiscal Year



**Funding Protection by Fiscal Year Cont'd**

Funding protection began in 2006/07, when districts were protected from year-to-year declines greater than 1%. As of 2007/08, districts were protected from any year-to-year declines, which were changed to protect them from declines of up to 1.5% beginning in 2012/13. For 2024/25 the district did not receive funding protection for the third straight year.

Please note that for the 2025/26 school year the district is expected to be out of funding protection once again. This means that if more students arrive the district will receive additional funding and will not have to worry about funding being reduced. Conversely, if less students arrive the district receive reduced funding.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

In this section, actual results are compared to the prior year and budget (where applicable). For the Statement of Operations, the analysis is performed for each of the three funds.

Statement of Financial Position (All Funds)

The table below includes explanations for significant variances (>5%) in the statement of financial position relative to the prior year.

| | 2025 | 2024 | Variance Analysis |
|----------------------------------|-------------|-------------|---|
| Due from Province | 746,872 | 941,222 | 21% decrease due to MECC capital draws made at year end not received. No concerns |
| Accounts Payable Other | 1,631,360 | 1,860,302 | 12% decrease due to trade payables being paid in a timely manner both received and paid. |
| Deferred Revenue | 1,624,137 | 1,350,019 | 20% increase |
| Deferred Capital Revenue | 48,730,154 | 41,888,721 | 16% increase \$6,841,433 due to \$8,440,021 of capital funding & \$1,598,588 of amortization |
| Employee Future Benefits | 284,137 | 332,640 | 14% decrease of \$48,503, MECC prepares a |
| Tangible Capital Assets (TCA) | 54,206,067 | 46,991,957 | 15% increase of \$7,214,110 due to \$9,045,078 of capital investments & reduced by \$1,598,588 from amortization. |
| Prepays | 271,940 | 208,207 | 31% increase of \$63,733 for additional supplies purchased in advance for 2025-2026 school year. |



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Schedule of Operating Operations

| | Amended Budget 24/25 | Actual 24/25 | Actual 23/24 | Actual 22/23 |
|--------------------------|-------------------------|--------------|--------------|--------------|
| Revenues | 13,331,766 | 13,388,885 | 13,031,656 | 11,974,601 |
| Expenses & Fund | 13,999,825 | 12,836,251 | 12,498,431 | 11,329,319 |
| Transfers | | (552,634) | (529,925) | |
| Annual Surplus/(Deficit) | (668,059) | | 3,300 | 645,282 |
| Opening Acc. Surplus | 1,662,065 | 1,662,065 | 1,658,765 | 1,013,483 |
| Closing Acc. Surplus | 994,006 | 1,662,065 | 1,662,065 | 1,658,765 |

For the 2024/25 Amended Budget the district prepared a balanced budget. The actual results for 2024/25 had a surplus of \$552,634 which was then transferred to Local Capital. Operating surplus remains at \$1,662,065.

Detailed information on the Operating fund is presented in schedules 2 to 2C following the notes to the financial statements. Revenues, expenditures and accumulated operating surplus are analyzed in greater detail below.

Operating Fund Revenues

A high-level summary of operating fund revenues is presented below, and explanations of significant variances follows. A more detailed presentation of operating revenues is presented in schedule 2A following the notes to the financial statements.

| | Amended Budget 2024/25 | Actual 2024/25 | Actual 2023/24 |
|-----------------------|------------------------|-------------------|-------------------|
| MECC Grants | 8,756,839 | 8,294,277 | 8,023,878 |
| Other Prov Grants | 130,964 | 226,551 | 115,132 |
| Other Revenues | 4,341,563 | 4,741,779 | 4,776,062 |
| Rentals and Leases | 46,000 | 50,725 | 47,058 |
| Investment Income | 56,400 | 75,553 | 69,526 |
| Total Revenues | 13,331,766 | 13,388,885 | 13,031,656 |

MECC Grants:

MECC Grants revenues in the 2024/25 were less than 2024/25 budgeted revenues by \$462,562 primarily due to LEA recovery being budgeted at a \$4,041,563 recovery and the actual was \$4,414,827.



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Provincial Grants -Other:

Provincial Grants - Other were higher than budget by \$95,587 due to the funding from After School Sports and Arts Initiative being budgeted less than expected.

Other Revenues:

Other Revenues were greater than the budget by \$400,216, this is mainly due to LEA revenue increasing by \$373,264.

Operating Fund Expenses

Expenses in the financial statements are presented both by object (category of expense) and by function (program). Operating fund expenses are presented below using each method with explanations of significant variances following. A more detailed presentation of operating expenses is presented in schedules 2B and 2C following the notes to the financial statements.

Analysis of variances by object

| Operating Fund Expenditure by Object | Amended Budget 2024/25 | Actual 2024/25 | Actual 2023/24 |
|--|------------------------|-------------------|-------------------|
| Salaries | | | |
| Teachers | 3,547,207 | 3,234,446 | 3,345,239 |
| Principals & VPs | 1,095,021 | 1,078,956 | 1,167,440 |
| Education Assistants | 841,123 | 697,073 | 653,333 |
| Support Staff | 1,810,937 | 1,696,932 | 1,590,254 |
| Other Professionals | 1,127,490 | 1,113,163 | 768,499 |
| Substitutes | 535,262 | 532,176 | 487,917 |
| Total Salaries | 8,957,040 | 8,352,746 | 8,012,682 |
| Employee Benefits | 2,040,941 | 1,820,671 | 1,857,930 |
| Total Salaries & Benefits | 10,997,981 | 10,173,417 | 9,870,612 |
| Service & Supplies | 3,001,844 | 2,662,834 | 2,627,819 |
| Fund Transfers | 650,000 | 552,634 | 529,925 |
| Total Service & Supplies and fund transfers | 3,651,844 | 3,215,468 | 3,157,744 |
| Total Operating Expenditure | 14,649,825 | 13,888,885 | 13,028,356 |

Salaries – Teachers

Teacher salary expense for the 2024/25 actual was less than amended budget by \$312,761 this was due to other funds paying for teacher as well as the inability to hire and in some cases teachers on leave and replacements costing less than the regular teacher.



Salaries – Principals and Vice Principals (PVP)

Budgeted PVP salary expense in the 2024/25 amended budget did not vary significantly from the 2024/25 actual expense.

Salaries – Education Assistants (EA)

Budgeted Education Assistant wage expense in the 2024/25 amended budget was higher than the 2024/25 actual expense. This is due to other funds, namely special purpose funds covering some of these costs.

Salaries – Support Staff

Budgeted Support Staff salary expense in the 2024/25 amended budget was higher than the 2024/25 actual expense, due to many factors including ability to hire and replace and other funds able to cover wages in certain cases.

Salaries – Other Professionals

Budgeted Other Professionals salary expense in the 2024/25 amended budget did not vary significantly from the 2024/25 actual expense.

Salaries –Substitutes

Budgeted Substitutes salary expense in the 2024/25 amended budget did not vary significantly from the 2024/25 actual expense.

Employee Benefits

Budgeted Employee benefits expenses in the 2024/25 amended budget was higher by \$220,270 due to prior teacher, education assistants and support staff budget being lower and then affecting the benefits expense for the 2024/25 year.

Total Service and Supplies and Fund Transfers

For this analysis fund transfers are combined with service and supply expense because fund transfers relate primarily to the purchase of capital assets using service and supply budgets. Budgeted fund transfers for 2024/25 are an estimate of what portion of expenditure will be needed for future capital project work. For Service and Supplies the budget for 2024/25 was greater than actual by 3.4%. These budget line items will be reviewed in greater detail.



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Analysis of Variance by Function

| Operating Fund Expenditure by Function | Amended Budget 2024/25 | Actual 2024/25 | Actual 2023/24 |
|--|------------------------|-------------------|-------------------|
| Instruction | 9,678,090 | 8,583,770 | 8,879,345 |
| District Administration | 1,379,636 | 1,356,283 | 1,059,296 |
| Operations & Maintenance | 2,384,454 | 2,419,505 | 2,103,705 |
| Transportation | 557,645 | 476,693 | 456,085 |
| Fund Transfer | 650,000 | 552,634 | 529,925 |
| Total | 14,649,825 | 13,388,885 | 13,028,356 |

Instruction – Actual instruction expenses was 11.31% under budget. This is due to other budgets being from special purpose funds funding some salaries and service and supplies budgets not being fully utilized.

District Administration – Actual district administration actual expenses were slightly under budget.

Operations & Maintenance – Actual operations and maintenance expenditures were slightly over budget.

Fund Transfer – A fund transfer from Operating to Local Capital of \$552,634 was done and a motion to approve this was accepted by the Board.

Transportation - Actual transportation expenditures were 14.52% under budget. This is due to the district not operating at full capacity with all drivers and all routes.



Accumulated Operating Surplus

Understanding the components of accumulated operating surplus is necessary for knowing how much of the balance relates to multi-year funding of programs (surplus carryforwards) and how much of the balance is available to reduce financial risk associated with unforeseen expenditures or to fund additional expenditures in the future. The components of closing accumulated surplus are presented in the table below:

| | June 30, 2025 | June 30, 2024 |
|---------------------------------------|------------------|------------------|
| After School Sports & Arts Initiative | | |
| Targeted Funds | 129,079 | 119,753 |
| School budgets, Farm to school | 45,107 | 63,374 |
| CF-Youth Wellness Worker | 97,197 | 81,360 |
| Early Career Mentorship | | 3,115 |
| Indigenous Education Council Funds | 75,133 | |
| Seamless Day | | 18,365 |
| Language Nest | 15,323 | |
| Child Care Society | 20,000 | |
| Internally Restricted | 381,839 | 285,967 |
| Unrestricted | 1,280,226 | 1,376,098 |
| Total Accumulated Surplus | 1,662,065 | 1,662,065 |

The district's accumulated surplus has been slowly increasing. Some of this growth can be accounted for over the last few years due to both the pandemic as well as travel savings. The district does have unrestricted funds which could be used for unforeseen budget pressures. It is prudent to build some unrestricted reserves in the operating budget, and where possible move some funds to Local Capital to help with future capital purchases both in building, vehicles and technology. The district with the move into an amalgamated school in Masset may have additional staffing costs, capital expenditures (furniture, outside spaces and atriums) to ensure the building is fully suited as these costs are not part of the amalgamation project.

Statement of Operations by Fund – Special Purpose Fund

| | Amended Budget 2024/25 | Actual 2024/25 | Actual 2023/24 |
|--------------------------|------------------------|----------------|----------------|
| Provincial Grants | 3,097,240 | 2,760,323 | 2,012,533 |
| Other Revenues | 600,000 | 686,319 | 528,729 |
| Expenditures | 3,697,240 | 3,446,642 | 2,541,262 |
| Annual Surplus (Deficit) | Nil | Nil | Nil |



The Special Purpose Fund includes grants and school generated funds that are restricted for a specific purpose. The annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur.

Detailed information on the special purpose fund is presented in schedules 3 to 3A following the notes to the financial statements.

Statement of Operations by Fund – Capital Fund – DCR = Deferred Capital Revenue

| | Amended Budget 2024/25 | Actual 2024/25 | Actual 2023/24 |
|-------------------------------|-----------------------------------|-----------------------|-----------------------|
| Revenues – Amortization DCR | 1,597,177 | 1,598,588 | 1,328,050 |
| Expenses – Amortization TCA | 1,778,712 | 1,830,968 | 1,493,424 |
| Local Capital Fund Transfers | | 552,634 | 529,925 |
| Change in Accumulated Surplus | (181,535) | 320,254 | 364,551 |
| Opening Accumulated Surplus | 6,866,956 | 6,866,956 | 6,502,405 |
| Closing Accumulated Surplus | 6,685,421 | 7,187,210 | 6,866,956 |

Revenues and expenses are consistent for the current and the prior year. This is expected because revenues and expenses in the capital fund are generally predictable and consistent, as they reflect the recognition of capital funding (as revenue) and the usage of capital assets over their life (as: amortization expense). Fund transfers from the operating fund were lower than budget and the prior year as fewer expenditures in the operating fund met the criteria for capitalization as an asset.

During the year ended June 30, 2025, the district invested \$9,045,078 in capital additions that were funded by.

Building additions

Annual Facility Grant (AFG) \$595,280, Daaxiigan Sk'adāa Née Child Care \$3,482,751, School Enhancement Program (SEP), Daaxiigan Sk'adāa Née Dust Collector \$611,171, Daaxiigan Sk'adāa Née HVAC \$323,945, Daaxiigan Sk'adāa Née Interior \$202,993, Daaxiigan Sk'adāa Née K-12 Amalgamation \$1,765,018, GidGalang Kuuyas Naay Boiler \$799,295, Port Clements Phone Interior \$149,928, Port Clements PA system \$171,784, Port Clements Air Handling Units \$295,597, Sk'aadgaa Naay Elementary PA system \$183,521, Playground Equipment Program, Port Clements \$165,000, Local Capital Buildings \$104,111.

Furniture and Equipment (F&E) \$359,683



Statement of Operations by Fund – Capital Fund Cont'd

Vehicles \$0

Building additions \$8,685,394 + F&E \$359,683 + Vehicles \$0 = **\$9,045,078**

Within the capital fund the following two balances are important as they represent funds available for future capital investment:

- Local Capital Reserve – this balance forms part of accumulated surplus in the capital fund and represents funds available for investment in capital assets at the discretion of the Board of Education. These funds are generated primarily from proceeds of disposition of assets that are allocated to the School Board as well as Board initiated transfers from the Operating fund.
- MECC Restricted Capital – this balance forms part of the deferred capital revenue balance in the Capital fund and represents funds available for investment in capital assets at the discretion of the MECC. These funds are generated primarily from proceeds of disposition of assets that are allocated to the Minister of Education and Child Care pursuant to the *School Act*.

The table below presents the 2024/25 closing balances in Local Capital and MECC Restricted Capital and what portion of the balances are already committed to future capital investment, for 2025/26

| | Local Capital | MECC Restricted Capital |
|--------------------------------|----------------------|--------------------------------|
| Balance as at June 30, 2025 | 2,163,498 | 7,405 |
| Committed for 2025/2026 Budget | (650,000) | Nil |
| Technology 1-1 program 26/27 | (500,000) | Nil |
| Total Remaining | 1,013,498 | 7,405 |

The district will add funds to the Local Capital account, when possible, in the event the district needs to replace an HVAC unit or a gym floor or roofing that is not supported by a capital grant, this account will be utilized when possible.

Detailed information on the capital fund is presented in schedules 4 to 4D following the notes to the financial statements.



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CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's stakeholders with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Secretary-Treasurer at (250) 559-8471 or via email at kblack@sd50.bc.ca.